GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:876
ANSWERED ON:27.07.2001
FISCAL POSITION
THAAWAR CHAND GEHLOT

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has been unsuccessful in maintaining stable fiscal position;

(b) if so, the reasons therefor;

(c) the reasons for the constant increase in the fiscal deficit during the last three years; and

(d) the details of the steps taken and schemes formulated by the Government to reduce the fiscal deficit?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a), (b) (c) & (d): Inadequate fiscal adjustment has remained the most intractable problem over the past decade owing to a combination of factors which among others include interest payments which constitute over 69 percent of the Centre`s tax revenues, increase in subsidies to unaffordable levels and rising pension liability. With a view to achieve fiscal consolidation, the Budget for 2001-02 emphasises expenditure management through the process of bringing about structural changes in the composition of Central Government expenditure, economy in non plan revenue expenditure while improving the quality of expenditure. To this end, the Budget contains a number of initiatives which among others include restricting fresh recruitment to one per cent of total civilian staff strength, user charges for services provided by the Government and its agencies to be revised keeping in view the increased cost of these services etc. Further, with a view to reduce interest burden, most administered interest rates were reduced by 1.5 per cent as of March 1, 2001. Besides, the FiscalResponsibility and Budget Management Bill, 2000 wasintroduced in Parliament in December 2000. This bill includes provisions relating to ceilings on debt, deficit and borrowing.